

**MINUTES OF THE
BOARD OF BUSINESS AND ECONOMIC DEVELOPMENT
JULY 19, 2002**

Members Present: Joel Bradford, Alan Ashton, Ed Ekstrom, Karen Alvey, Richard Nelson, Bill Boyle, Barbara Zimonja, David Simmons, Jerry Oldroyd, Debra Tanzi, Ted Smith

Members Absent: Dell Loy Hansen, Shelli Gardner, Mark Howell, Kenneth Woolley

Visitors: Gina Crezee, PacifiCorp; Brice Wallace, Deseret News; Jacklyn Olsen, The Enterprise; Paul Blanchard, Layton Construction; Brian Farr, Attorney General's Office; Susan Thackery, Box Elder County

Staff: Richard Bradford, Bob Fuehr, David Harmer, Ed Meyer, Ron Richins, Rod Linton, John Homer, Cathy Rawstorne, Lorena Rizzo-Jenson, Inge Krogue, Chris Bowler, Jeri Openshaw, Tracie Cayford, Todd Hauber, Chuck Spence, Tamee Roberts, Lisa Howe, Dave Douglass, Bonnie Burley, Chuck Schell, Kelly Day

Welcome and Approval of Minutes

David Simmons welcomed everyone to the meeting and called for a motion on the June 14, 2002 minutes.

MOTION: David Simmons moved to approve the June 14, 2002 minutes as submitted. Joel Bradford seconded the motion. The motion carried unanimously.

Utah Smart Sites

Ed Meyer gave a presentation on the accomplishments of Utah Smart Sites. The initial goal was 1,000 jobs by the end of 1,000 days. Collectively the Utah Smart Sites will be largest employment source in rural Utah. The Utah Smart Sites are an outgrowth of the Utah Technology Task Force. The Rural Office of the Division of Business and Economic Development administers the program.

Rural Utah's first Ecosystem is Rural Health Informatics. There is great opportunity to process medical claims in the rural areas. Wages for Medical Transcription and Medical Coding range from \$11 – \$15. Certification from either the American Professional Coders Association or American Health Information Management Association is required. These associations are headquartered in Salt Lake City. The actual transcription and coding work and six month training can be done online. Prerequisite classes include anatomy, physiology, and medical terminology. The state is buying the entire course of classes and there will be no cost to anyone with the prerequisite qualifications. An employer has been identified who will hire those people who complete the training. Smart Site employees could provide these services to the urban communities.

Bill Boyle said it is not possible to realize the impact that Smart Sites can have on rural area. Creating 460 jobs in rural Utah has the impact of 46,000 jobs along the Wasatch Front. The relative impact of 12 jobs on struggling communities is wonderful even if they only pay \$8.00 an hour. This is just what rural Utah needs.

Karen Alvey said that in Kanab 60 people ranging in age from 17 to 79 are working at the ACS Plant. Many employees hope they can pass a test and do data entry because these jobs will have a benefit package that few people in the community have. Jobs paying \$8.00 – \$9.00 an hour have made a big difference in Kanab.

July Consent Calendar

IAF Action Items

David Simmons thanked John Homer, Lisa Howe and Tamee Roberts for all their hard work on behalf of the Industrial Assistance Fund. He cautioned everyone that they are criminally liable for any confidential information that goes out inappropriately to the public.

The following companies were reviewed:

Steton Technology Group

Steton Technology was established in 1996 to meet the need for automated safety and quality assurance systems for large enterprises. It was originally founded in Austin, Texas and moved to Santa Clara, Utah in 1997 because of available talent coming from local colleges, personal ties to Utah and a desire for the quality of life offered by Southern Utah. The company is interested in expanding the facilities in St. George, Utah and has submitted a request for \$100,000 Rural Smart Site. Steton's flagship product, the *Steton Quality Suite*, gives enterprises a solution that involves hand-held computing devices, Internet Technology, software applications and data hosting services. They hope to add an additional 32 jobs over the next three years. The company is projecting that their wages will be more the double the median wage for Washington County.

MOTION: David Simmons moved and Karen Alvey seconded a motion to approve the transfer of \$200,000 to the Rural Smart Site pool and approve a maximum performance-based disbursement for Steton Technology Group of \$3,125 per employee position, for a maximum incentive of \$100,000 for 32 new full-time employee positions with a salary meeting or exceeding 125% of the county median wage. The company will be required to keep its operations in Utah for five years. The motion carried. (David noted that \$200,000 will be earmarked for the Rural Smart Site pool and \$100,000 will go to this project.)

Rose Dairy

Bosen Land and Livestock, a 500-cow dairy, has operated out of Preston, Idaho for over 50 years. The company needs to expand operations. Bosen Land and Livestock wants to purchase the Rose Ranch, five miles west of Snowville, Box Elder County, Utah. The ranch will support 26,000 animals including 10,000 milking cows. The Rose Dairy has a commitment from a local milk processing company to purchase all Class I milk produced. The dairy will also produce cull cows and bull calves for the meat market and breed heifers for sale to other dairies. It is proposed that Rose Dairy will be built in two years with 10,000 milking cows by the end of the second year. They estimate having 211 employees. The county is supports the development. The dairy is requesting an incentive of \$316,500 to aid in the expansion of the operations.

MOTION: David Simmons moved and Ed Ekstrom seconded a motion to approve a maximum performance-based disbursement for Rose Dairy of \$1,500 per employee position, for a maximum incentive of \$316,500 for 211 new full-time employee positions with a salary meeting or exceeding 125% of the county median wage. The company will be required to keep its operations in Utah for five years. The motion carried with Richard Nelson abstaining.

Health Food Distributor and Manufacturer – CONFIDENTIAL

This company is currently operating in Utah County with the headquarters and a second plant located in New York. The company is looking at the Utah operation as a potential location to expand and is seeking an Incentive to assist with the expansion. The IAF request is for \$2,000,000.

MOTION: David Simmons moved and Barbara Zimonja seconded a motion to approve a maximum performance-based disbursement of \$2,000 per employee position, for a maximum incentive of \$452,000 for 226 new full-time employee positions with a salary meeting or exceeding 125% of the county median wage. The company would also be required to keep its operations in Utah for five years.

Discussion continued on this project. The original request was for \$2,000,000 or \$8,000 per employee but the IAF Committee recommended \$2,000 per employee, which is the general cap for a Wasatch Front project. The Utah plant is only five years old and the committee felt this offer would let the company know the state is definitely interested in keeping the facility here. The company has indicated that the headquarters might relocate to Utah if they keep this location open. Gina Crezee commented that an operating cost model was done with Utah and uptown New York. In projecting worker's compensation rate, health insurance, and unemployment insurance costs for 10 years, Utah is 5.5 million dollars ahead of the operating costs of New York. **The motion carried with a unanimous vote.**

Division Report

Richard (Dick) Bradford gave the report on Division activities. He said that under the leadership of Bob Fuehr the Division has been restructured to align with and support the Governor's 1,000- Day Plan. Bob also started the Strategic Plan which will be completed in August. The Division is involved in planning stages the post-Olympic trade missions. Dick encouraged all board members to provide names of companies interested in participating in

the trips. Tina Lewis is working with the Governor's Office in arranging these trips. Dick then gave an update on the Film Commission and said two series are currently being filmed in Utah as well as a new movie to begin this fall in the Moab and Lake Powell areas.

The first meeting of the *Utah Economic Coordinating Council* held June 26, 2002 was very successful with 55 people attending. At the meeting Deb Tanzi explained the DBED Board's emphasis on rural development. Ron Richins thanked the board members for their support. Logan, Utah will host the next meeting on September 18, 2002.

Dick announced that the board retreat will be September 20, 2002. The Strategic Plan will be reviewed at that time.

August 16, 2002 Proposed Agenda Items

- Consent Calendar Items
- University of Utah Hospital Expansion Report (Deb Tanzi)
- Employer Education Survey – Richard Nelson

Other Business

Richard Nelson spoke about the importance of early Stage Capital in the high-tech industry. He distributed a copy of the presentation that was made to the v-Spring and Wasatch Venture Fund with the Utah Technology Alliance.

Ed Ekstrom commented that there is a tremendous amount of money that is being invested by Utah to create jobs and expand economies in other geographical areas. The State Pension Fund and other monies influenced by people on the board are not invested in any funds that have any material impact on early stage companies. He felt it is ludicrous to talk about economic development and then spend money to create jobs in other places.

Jerry Oldroyd said high-tech industry is a targeted industry for DBED. IAF has looked at it and encouraged such companies. As a state, Utah is not doing much to attract new venture capital. There has not been any basic platform set to create a vehicle to attract venture capital. This is something that should and will go in front of the Legislature next year. A subcommittee of three groups, the Information Technology Commission, Telecommunications Taskforce and Workforce Committee, are studying the issue of early stage capital and will meet on August 6, 2002. He encouraged input from the board members for the meeting. Jerry will send out the agenda prior to the meeting.

Bob thanked the Board for the opportunity to work with them and then resigned from his position. He touted some of the accomplishments of the division including fine-tuning the IAF procedures. He also complimented the staff on their hard work during the Olympics: 11 receptions, 3700 people at the Torch relay, 26 special guests of the State, 96 international business receptions for 20 countries at the International Centers, 8,000 people through the Utah Business Center and 69 different receptions at the Utah Business Club. Bob said the thing he is proudest of is that the Utah Business Club ran at a profit during the Olympics. He is also pleased the Board has put a greater emphasis on rural areas with Smart Sites and new manufacturing job opportunities. The reorganization in DBED has shown good results: the staff is more "result focused". David Harmer thanked Bob for all his contributions to the Department and presented a gift to him. David Simmons also thanked Bob and expressed appreciation from the Board for all that he has done. Dick Bradford will be the acting director of DBED until a new director is named.

MOTION: David Simmons made a motion to adjourn the meeting with a second from Ed Ekstrom. Motion carried.